
RESPONSE

SHOULD DISSIMILAR USES OF TRADE SECRETS BE ACTIONABLE?

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INTRODUCTION

Joseph Fishman and Deepa Varadarajan address a critical question in their new article, *Similar Secrets*¹: should trade secret law prohibit substantially dissimilar uses of trade secret information by those who took that information through improper means or in violation of a duty of confidentiality to the information's owner, particularly when those dissimilar uses result in innovative new pursuits of high social value? For example, what if an engineer leaves her old company and uses trade secrets she learned there to start a new business in a totally different industry? Under current doctrine such an action would likely lead to a viable claim of trade secret misappropriation. But should this type of “retooling” really be discouraged by trade secret law? This is the question addressed by the authors. And it is an especially timely one, since trade secret law has been federalized via the Defend Trade Secrets Act of 2016 (DTSA).² Like patents, copyrights, and trademarks, trade secrets are now the subject of federal civil law, rather than just state law.³

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¹ Joseph Fishman & Deepa Varadarajan, *Similar Secrets*, 167 U. PA. L. REV. 1051 (2019).

² See 18 U.S.C. § 1836(b)(1) (2018) (granting federal jurisdiction to civil actions against misappropriation).

³ See generally Sharon Sandeen & Christopher Seaman, *Toward a Federal Jurisprudence of Trade Secret Law*, 32 BERKELEY TECH. L.J. 829 (2017) (describing the potential development of a “federal common law” of trade secrecy); Camilla A. Hrdy, *Sandeen and Seaman: Toward a Federal Jurisprudence of Trade Secret Law*, WRITTEN DESCRIPTION (Sept. 6, 2016), <https://writtendescription.blogspot.com/2016/09/sandeen-and-seaman-toward-federal.html> [<https://perma.cc/6ZBC-H454>] (suggesting an examination of trademark law for a “plausible historic precedent within the intellectual property genre for how a novel federal IP regime can

Fishman and Varadarajan challenge the current approach for determining misappropriation in trade secret law—which assesses whether a defendant’s end use is “substantially derived” from the plaintiff’s trade secrets.⁴ They argue the law should instead take into account the plaintiff’s and defendant’s end uses for the allegedly infringing information.⁵ Furthermore, they suggest that if the defendant’s end use is highly dissimilar from the plaintiff’s, the law should not, as a general matter, prohibit it.⁶ Fishman and Varadarajan derive their “substantial similarity” limitation on infringement, more or less, from copyright law’s test for actionable copying and the doctrine of fair use.⁷

Similar Secrets is well-written and full of useful insights; it is also highly controversial. This Response shows that the article’s thesis—that trade secret law should imitate copyright law’s willingness to permit substantially dissimilar uses of content—conflicts with trade secret law’s fundamental purpose: to protect the integrity of secret information. The Response also observes that trade secret law already has a doctrine that addresses many of the harms with which the authors are concerned. It is *already* black letter law that employees’ “general knowledge, skill, and experience” cannot be a trade secret.⁸ This subject-matter exclusion is intended to permit employees to learn on the job and then leave to pursue new opportunities.⁹ Whereas Fishman and Varadarajan have turned to copyright law for help, it makes more sense to focus on improving the doctrines we already have. Improving existing doctrines will do more to ameliorate concerns about hindering innovative new uses, while maintaining trade secret law’s fundamental goals.

emerge on top of state common law regime”). For a discussion of the federalization of patent law and intellectual property law, see generally Camilla A. Hrды, *Patent Nationally, Innovate Locally*, 31 BERKELEY TECH. L.J. 1301 (2016); Camilla A. Hrды, *The Reemergence of State Anti-Patent Law*, 89 U. COLO. L. REV. 133 (2018); Camilla A. Hrды, *State Patent Laws in the Age of Laissez-Faire*, 28 BERKELEY TECH. L.J. 45 (2013). Note that the new federal law, the DTSA, does not preempt state trade secret law. 18 U.S.C. § 1838 (2018) (“This chapter shall not be construed to preempt or displace any other remedies, whether civil or criminal, provided by United States Federal, State, commonwealth, possession, or territory law for the misappropriation of a trade secret . . .”). Moreover, aspects of the law explicitly provide that federal remedies cannot interfere with state remedies. See, e.g., *id.* § 1836 (b)(3)(A)(i)(II) (prohibiting an injunction under the DTSA from “otherwise conflict[ing] with an applicable State law prohibiting restraints on the practice of a lawful profession, trade, or business”).

⁴ Fishman & Varadarajan, *supra* note 1, at 1053–60.

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

⁸ See Camilla A. Hrды, *The General Knowledge, Skill, and Experience Paradox*, 60 B.C. L. REV. (forthcoming 2019) (manuscript at 11 & n.74) (“Courts within virtually every state and federal circuit have purported to recognize this general rule.”), https://papers.ssrn.com/sol3/Papers.cfm?abstract_id=3332540 [<https://perma.cc/2C5D-LMFM>].

⁹ *Id.* (manuscript at 33–36).

I. THE CURRENT “SUBSTANTIALLY DERIVED” STANDARD

Fishman and Varadarajan begin by observing that trade secret law currently makes “dissimilar” end uses of trade secrets actionable. Thus, under the *Restatement (Third) of Unfair Competition*, “an actor is liable for using the trade secret [even] with independently created improvements or modifications if the result is *substantially derived* from the trade secret.”¹⁰ The result has effectively been a “but-for” test that asks whether the defendant could have proceeded as she did without relying on the plaintiff’s trade secrets.¹¹

The example of applying the substantial derivation test that Sharon Sandeen and Elizabeth Rowe give is a case involving a process for producing industrial synthetic diamond.¹² In *General Electric v. Sung*,¹³ a former General Electric (GE) employee, Chien-Min Sung learned the details of GE’s process for making synthetic diamond in the course of his job at GE.¹⁴ When he left GE, Sung took “an abundance of documents, including drawings and process instructions.”¹⁵ Sung then contracted with a competitor in the synthetic diamond industry, Iljin, and agreed to transfer information about the process to Iljin.¹⁶ Iljin used the information to quickly develop its own process for producing synthetic saw-grade diamond, which involved a similar 5,000-ton apparatus.¹⁷ It had taken GE over twenty years to develop its “comparable” production process involving a different 5,000-ton piece of machinery.¹⁸ Iljin derived its process in only two years, because it acquired GE’s trade secrets through Sung, an insider who had received this information under an express or implied duty to maintain its secrecy.¹⁹ This type of unfair shortcut is classic trade secret misappropriation.²⁰

Is this misappropriation actionable even though Iljin did not use GE’s trade secrets to produce an identical process or an identical machine, or even identical synthetic diamond? The answer is clearly *yes*. The standing rule,

¹⁰ Fishman & Varadarajan, *supra* note 1, at 1064-65 (alterations in original) (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 40 cmt. c (AM. LAW INST. 1995)).

¹¹ *Id.* at 1067 (“In some judicial formulations, the use element essentially becomes a but-for test: if the defendant wouldn’t have thought to pursue a particular research project without having first been exposed to the secret, it has committed misappropriation—regardless of how far afield that research leads.”).

¹² ELIZABETH ROWE & SHARON SANDEEN, CASES AND MATERIALS ON TRADE SECRET LAW 423-27 (1st ed. 2012).

¹³ 843 F. Supp. 776 (D. Mass. 1994).

¹⁴ *Id.* at 778.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.* at 778-79.

¹⁸ *Id.* at 779.

¹⁹ *Id.* at 780.

²⁰ See 18 U.S.C. § 1839(5) (defining misappropriation to include the nonconsensual disclosure or use of another’s trade secret by an individual who had a duty to maintain its secrecy).

again, is that “[t]rade secret protection . . . extends not only to the misappropriated trade secret itself but also to materials ‘substantially derived’ from that trade secret.”²¹

So far so good. But what if Sung used the drawings and process instructions—which GE had developed in order to make synthetic diamonds—to start a bakery, Sung’s Kitchen, where Sung succeeded in developing the best damn chocolate chip cookies humanity has ever experienced? Sung discovered that all you have to do is put chocolate chips, butter, flour, and an egg (no baking powder required) into a 50-pound apparatus derived from GE’s 5,000-ton version and bake them for thirty seconds. Sung later franchises his bakery into a global operation that *Forbes* lists as the most profitable new company of the year and that provides cheap, delicious homemade cookies to the masses.

Sung’s actions in this second hypothetical still constitute misappropriation, at least under trade secret law’s current “substantially derived” standard, because Sung apparently derived his method for making cookies directly from GE’s trade secret information. The fact that his end use for the information is quite different does not change the result under current doctrine. But Fishman and Varadarajan’s article urges us to question whether this outcome is truly normatively desirable. Surely, as Fishman and Varadarajan suggest, society would be better off if Sung were permitted to make and sell his delicious cookies. Us cookie eaters would benefit from Sung’s addition to the store of culinary knowledge. Additionally, GE’s position in the market for synthetic diamonds would remain intact even if Sung were to move forward with his bakery business.

II. THE PROPOSED STANDARD: NO LIABILITY FOR UNFORESEEABLE USES

Building on these sorts of arguments about the benefits of cumulative innovation, Fishman and Varadarajan assert that trade secret law’s current “substantially derived” standard is too restrictive for defendants like the fictional Sung, who seek to use trade secrets for activities that are significantly different from the secret’s original application and potentially quite productive.²² As currently applied, the rule “wrongly skips over an inquiry into the defendant’s *ends*” and thus creates liability even in the “ubiquitous scenario where a defendant’s product isn’t exactly like the plaintiff’s.”²³

In Sung’s case, for example, the authors would argue that the law should not penalize Sung for deploying GE’s trade secrets in order to design a novel way to make chocolate chip cookies rather than to compete with GE in the synthetic diamond market. Their solution is to fundamentally alter trade

²¹ *Sung*, 843 F. Supp. at 778-79.

²² See Fishman & Varadarajan, *supra* note 1, at 1056-57.

²³ *Id.*

secret law's standard for misappropriation by "consider[ing] not only the defendant's benefit from knowing the secret, but also the exploitable asset, whether a product or a process, that the benefit ultimately translates into."²⁴ Under their revised approach, the defendant would no longer

be liable for using a lawfully acquired secret unless it is both exploiting an asset that incorporates material elements from the owner's secret and is doing so in a market that the plaintiff actually foresaw or, given industry trends, could reasonably have foreseen. Merely relying on a secret as a launching pad for developing a genuinely dissimilar good, or operating in a remote and unanticipatable market, would remain permissible.²⁵

The upshot is that if a defendant uses a trade secret to develop a "genuinely dissimilar good" or to develop an application for the trade secret "in a remote and unanticipatable market," this would not qualify as actionable use of trade secrets and would remain permissible. Plaintiffs would be able to control a defendant's exploitation of trade secrets in "reasonably foreseeable markets"; but they would *not* be able to stop defendants from using the information in "remote [markets] that could not have been anticipated ex ante."²⁶

The greatest new hurdle here is that the plaintiff now has to prove the defendant made a "material and foreseeable use [of plaintiff's trade secrets] as part of [the plaintiff's] case-in-chief."²⁷ For instance, in this case, GE would have to show that Sung used a quantitatively and qualitatively material aspect of GE's trade secrets to make his new process and that GE "actually foresaw" Sung's use or alternatively that a "reasonable firm" in GE's industry would have foreseen Sung's use of making cookies.²⁸ If not, the adaptation would be permitted, despite the fact that Sung technically used GE's trade secret information to make his cookies.²⁹

The authors derive this standard from copyright law or at least argue that copyright law provides a "proof of concept" for how their standard would work.³⁰ In copyright law, protection does not cover *any* use of copyrighted expression. Rather, a fundamental premise of copyright infringement analysis

²⁴ *Id.* at 1057.

²⁵ *Id.*

²⁶ *Id.* at 1057, 1079. At a more granular level, the authors propose three changes to the current substantial derivation doctrine: (1) compare the plaintiff's and the defendant's end uses rather than merely the steps they took along the way; (2) seek a "material" contribution from the trade secret, rather than simply asking whether the defendant could have acted as she did "but for" the trade secret; and (3) allow plaintiffs to control a defendant's exploitation of trade secrets in "reasonably foreseeable markets but not in remote ones that could not have been anticipated ex ante." *Id.* at 1079.

²⁷ *Id.* at 1059.

²⁸ *See id.* at 1092.

²⁹ *See id.*

³⁰ *Id.* at 1059.

is that “[m]erely copying something from a work isn’t enough.”³¹ The defendant must have actually copied (i.e. derived) her work from copyrighted expression, *and* the defendant’s end use must be “substantially similar” to protectable aspects of plaintiff’s work.³² For example, if a movie copies minor aspects of someone’s novel in deriving the plot, this is not copyright infringement if, in the end, the movie is completely different from the novel.³³

III. THE CRITIQUE

I agree with Fishman and Varadarajan’s premise that what the defendant does with trade secrets should matter in deciding liability, and that preventing totally different end uses of information can seem problematic from the standpoint of innovation policy. However, their proposal to narrow trade secret misappropriation to cover only sufficiently similar end uses faces several challenges. I focus on three here. First, the proposal contradicts trade secret law’s (versus copyright law’s) goal of preserving the secrecy of information. Second, it risks undermining trade secret law’s corollary function of facilitating efficient information sharing, especially between employers and employees. Third, it ignores the existence of alternative trade secret doctrines that, in my view, do a better job at mitigating trade secret law’s chilling effects on competition and innovation. In particular, trade secret law’s exclusion of “general knowledge, skill, and experience” allows former employees like Sung to leave their current job and use their improved skills, training, and experience to pursue new endeavors.³⁴

1. Conflict with Trade Secret Law’s Goal to Protect the Integrity of Secret Information

The authors’ proposal contradicts the basic premise of trade secret law, which is to protect the integrity of secret information. Ideally, the trade secret owner will succeed in keeping their secrets internal without relying on litigation. But when unsanctioned use occurs, for instance by a departing

³¹ *Id.* at 1073.

³² *Id.* at 1073-74.

³³ *See, e.g.,* Randolph v. Dimension Films, 630 F. Supp. 2d 741, 746-49 (S.D. Tex. 2009) (holding that a movie did not infringe a copyrighted novel despite certain similarities because “there is no substantial similarity in the protectable elements of the works. The basic elements of plot, themes, dialogue, mood, setting, pace, characters, and sequence of events—and the overall concept and feel of both works—are very different”).

³⁴ Hrđy, *supra* note 8 (manuscript at 33-36).

employee, the trade secret lawsuit itself, and in particular the trade secret injunction, becomes the mechanism for protecting the secrecy of the information.³⁵

Copyright law is different: the risk of disclosure of secret information is not the focus. Copyright law protects original expression that has been fixed in a tangible medium.³⁶ Except in the rarer cases where the author has not yet published,³⁷ this original, fixed expression has typically already been publicly disclosed and disseminated. The goal of the copyright owner is generally to control and profit from further public dissemination. Accordingly, a copyright defendant's "substantially similar" expression (reproduction, distribution, public performance, etc.³⁸) is actionable, but a dissimilar one is not. Copyright law goes even further, permitting "fair" uses that are otherwise infringing, but that do not supplant the value of the original work.³⁹

Losses resulting from dissimilar or fair uses of a copyrighted work, such as lost sales or declining reputation, may be economically costly or inconvenient for the author. But they do not threaten the fundamental protections that copyright law affords. For example, if GE publishes a manual describing a method for making synthetic diamonds and Sung takes minimal amounts of expression or artfully quotes from the manual in his cookbook, Sung is not liable for copyright infringement because this is (one hopes) a dissimilar or at least fair use.

But in the trade secret context, permitting even drastically dissimilar uses of secret information *does* threaten the fundamental protections trade secret law affords. When a defendant's use results in public disclosure of the trade secret, this obviously must be actionable, regardless of whether it is the same or different type of use. To channel the Supreme Court,

With respect to a trade secret, the right to exclude others is central to the very definition of the property interest. Once the data that constitute a trade secret are disclosed to others, or others are allowed to use those data, the holder of the trade secret has lost his property interest in the data.⁴⁰

To their credit, the authors recognize the risk of secrecy destruction as a major limitation on their proposal. In their view, "[e]ven groundbreaking adapters should . . . still be accountable if after the fact they disclose the secret

³⁵ See 18 U.S.C. § 1836(b)(3)(A) (2018) (generally permitting court to enjoin "actual or threatened misappropriation . . . on such terms as the court deems reasonable").

³⁶ 17 U.S.C. § 102 (2018).

³⁷ See generally *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539 (1985) (addressing copyright infringement and fair use with respect to unpublished works).

³⁸ 17 U.S.C. § 106.

³⁹ *Id.* § 107.

⁴⁰ *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1011 (1984).

in ways likely to destroy its value”⁴¹ Just as well, “controlling against exclusivity-destroying disclosures” is necessary because “if the use winds up spilling the secret, it wipes out the entire value.”⁴² The authors also would not condone using “improper means” to acquire trade secrets,⁴³ like trespass, hacking, or flying a plane over a factory to see a hidden process. This too is an essential caveat, because one of trade secret law’s three goals—along with providing incentives to invest in valuable information and to productively share that information with others in controlled disclosures—is to deter tort-like breaches of duty and other acts that fall below standards of commercial morality in the industry.⁴⁴

The authors argue that, with these caveats, their proposal will “channel[]” putative defendants away from disclosing uses, immoral uses, and predictable competing uses, and towards unforeseeable uses with “large positive externalities.”⁴⁵ So, in Sung’s case, he would not be liable under trade secret law for using GE’s process in the unforeseeable, noncompeting fashion of baking cookies, but he would be liable if his use threatened to publicly disclose the information or was premised on using improper means like spying to acquire the information. The authors thus echo arguments about reverse engineering’s productivity and cumulative innovation benefits made by scholars such as Pam Samuelson and Suzanne Scotchmer.⁴⁶

I don’t think this carve-out for “disclosing” uses will work. And if it does work, it will gut the authors’ proposal. The reason is that it is virtually impossible to identify uses of trade secrets that do *not* threaten disclosure of the original trade secret. Even if the plaintiff uses its trade secret process to make synthetic diamonds, and the defendant uses a derived but dramatically tweaked process to make chocolate chip cookies, there is always a chance the trade secret will inadvertently be disclosed by the defendant’s use and thereby eliminate the plaintiff’s market advantage. For example, what if Sung’s security precautions are poor, and others access the information through him? Even if Sung’s security is excellent and the chocolate chip cookies are the only possible public vehicle for revelation of GE’s

⁴¹ Fishman & Varadarajan, *supra* note 1, at 1108-09.

⁴² *Id.* at 1109.

⁴³ *Id.*

⁴⁴ See *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 485 (1974) (“Trade secret law will encourage invention in areas where patent law does not reach, and will prompt the independent innovator to proceed with the discovery and exploitation of his invention. Competition is fostered and the public is not deprived of the use of valuable, if not quite patentable, invention.”).

⁴⁵ Fishman & Varadarajan, *supra* note 1, at 1109.

⁴⁶ *Id.*; see also Pamela Samuelson & Suzanne Scotchmer, *The Law and Economics of Reverse Engineering*, 111 YALE L.J. 1575, 1662 (2002) (“Reverse engineering is fundamentally directed to discovery and learning Reverse engineering leads to dependent creations, but this does not taint them, for in truth, all innovators stand on the shoulders of both giants and midgets.”).

information, third parties might be able to reverse engineer GE's process using information contained in the cookies, even if they would not have been able to reverse engineer the process by studying the original diamonds.

Essentially, a defendant's use itself might not cause any competitive harm and might be totally unpredictable, but it can still destroy the trade secret in the end, because every use of a trade secret that is outside the trade secret owner's control creates a new risk. Indeed, this proposal seems to contradict the requirement that trade secrets owners must take "reasonable measures to keep [the claimed] information secret."⁴⁷ At the least, it changes the standard for what is reasonable. Whereas before, GE had to craft secrecy precautions around the possibility of employees departing with trade secrets, now it would arguably be "unreasonable" to share information with employees at all because those employees can now use it more liberally. In short, even though Fishman and Varadarajan's proposal ostensibly only loosens the misappropriation standard for certain insiders who use trade secrets noncompetitively, it effectively increases the risk of trade secret exposure to third parties and the general public as well.

2. Reduced Willingness to Share with Employees

This leads to my second critique, which is that the proposal substantially weakens the rights that trade secret owners currently have to protect trade secrets from their own employees and therefore risks hindering productive sharing between employers and employees.

A primary purpose of trade secret law, as initially developed in the United States in the nineteenth century, has been to give employers new freedom to share trade secrets with employees outside the scope of traditional circles of loyalty. To quote the now-standard story, "[t]he invention of trade secret doctrine in the mid-nineteenth century enabled employers to enjoin revelation of secret information by current or former employees."⁴⁸ The Supreme Court drew this out in *Kewanee Oil v. Bicron Corp.* in 1974, writing that trade secret protection is designed to stand against "breaches of confidence" in "the employee and licensee situations."⁴⁹ This is precisely why the "necessary element of secrecy is not lost . . . if the holder of the trade secret reveals [it] to another."⁵⁰ "These others may include . . . employees to

⁴⁷ 18 U.S.C. § 1839(3)(A) (2018).

⁴⁸ Catherine Fisk, *Working Knowledge: Trade Secrets, Restrictive Covenants in Employment, and the Rise of Corporate Intellectual Property, 1800–1920*, 52 HASTINGS L.J. 441, 442 (2001). See generally Sharon K. Sandeen, *The Evolution of Trade Secret Law and Why Courts Commit Error When They Do Not Follow the Uniform Trade Secrets Act*, 33 HAMLINE L. REV. 493 (2010) (tracing the development of trade secret law).

⁴⁹ *Kewanee*, 416 U.S. at 484.

⁵⁰ *Id.* at 475.

whom it is necessary to confide it, in order to apply it to the uses for which it is intended.”⁵¹ Without trade secret law, the Court reasoned, employers would have incentives “to hoard rather than disseminate knowledge.”⁵² Mark Lemley reiterated this argument in an oft-cited 2008 article: “It seems odd . . . for the law to encourage secrets, or to encourage only those inventions that are kept secret.”⁵³

If “unforeseeable” uses are suddenly nonactionable, the problem of “tech hoarding” reemerges with a vengeance. If employers do not feel it is safe to share trade secrets with employees, they might become overly cautious about doing so. Under *Kewanee*’s reasoning, we should expect employers to start to take costly self-help measures, ranging from physical security measures to overreliance on nondisclosure contracts, or perhaps even refuse to hire altogether.⁵⁴ This would not only lead to inefficiency in the workplace,⁵⁵ but also reduce the chance that employees ever get access to the starting materials they need to launch new pursuits.⁵⁶

Closely related, the proposal would require a reconfiguration of the standard for what constitutes a breach of a “duty to maintain the secrecy of the trade secret or limit the use of the trade secret.”⁵⁷ Since the authors have taken “improper means” cases off the table, they are mainly addressing insider cases, where an employee, a business partner, or a contractor breaches a duty not to use or disclose the secret. Narrowing actionable uses of trade secrets to “foreseeable” uses would require rethinking the circumstances in which

⁵¹ *Id.* at 475 (internal quotation marks omitted).

⁵² *Id.* at 486.

⁵³ Mark Lemley, *The Surprising Virtues of Treating Trade Secrets as IP Rights*, 61 STAN. L. REV. 311, 313 (2008).

⁵⁴ See *Kewanee*, 416 U.S. at 486 (“Knowledge would be widely dispersed among the employees of those still active in research. Security precautions necessarily would be increased, and salaries and fringe benefits of those few officers or employees who had to know the whole of the secret invention would be fixed in an amount thought sufficient to assure their loyalty.”); see also Michael Risch, *Why Do We Have Trade Secrets?*, 11 MARQ. INTELL. PROP. L. REV. 1, 41 (2007) (“[T]he ability to protect against employees absconding with information is difficult and costly . . .”).

⁵⁵ See, e.g., *Rockwell Graphic Sys., Inc. v. DEV Indus., Inc.*, 925 F.2d 174, 180 (7th Cir. 1991) (“The more Rockwell restricts access to its drawings, either by its engineers or by the vendors, the harder it will be for either group to do the work expected of it.”); Risch, *supra* note 54, at 41 (“[T]he owner would have to choose between inefficient ways to keep information from being taken by employees, suing for the limited remedies available for breach of contract, or paying the employees more than they could gain by absconding.”).

⁵⁶ One might respond that trade secret law already exposes employers to the risk of disclosure because, unlike patent law, it permits learning trade secrets through “reverse engineering”—taking apart a product to discern its secrets. See 18 U.S.C. § 1839(6) (2018). But this point is inapposite. Trade secret law legalizes reverse engineering for the same reason it legalizes obtaining trade secrets through independent derivation: these acts rely purely on information in the public domain and do not draw on confidential disclosures. The process of reverse engineering could be deemed tainted, for example, if the trade secret owner’s former employees are involved.

⁵⁷ See *id.* § 1839(5)(B)(ii)(II) (defining “misappropriation”).

a person is placed under a duty to maintain secrecy. At present, employees are held to have an implicit, if not explicit, duty to maintain the secrecy of their employers' trade secrets and to not use or disclose them for any reason without authorization. But under the authors' proposal, this duty would effectively contain the implicit caveat: "Unforeseeable ones, which the plaintiff did not and could not reasonably have predicted at the time it decided to invest in developing the secret, should be permitted."⁵⁸

The fact that implementing the foreseeability standard requires reconfiguring trade secret law's duty to maintain secrecy, and effectively rewriting the employment contract, should warrant significant pause.

3. Trade Secret Law Already Permits Employees to Use Their "General Knowledge, Skill, and Experience"

Creating a new outlet for productive uses of trade secrets that do not risk disclosure or cause market harm is a laudable goal. But trade secret law already has an equitable doctrine to address the authors' concerns: the doctrine that employees remain free to use their "general knowledge, skill, and experience," notwithstanding the restrictions of trade secret law.⁵⁹ This preserves a much larger swath of productive activity, without introducing an entirely new risk of information disclosure into the law.

Fishman and Varadarajan appear to assume trade secret law currently prevents employees from pursuing the work of their choosing upon departure. "A popular refrain in misappropriation cases," they write, "is that courts 'cannot compel a man who changes employers to wipe clean the slate of his memory.'"⁶⁰ "But often it seems like they're trying to."⁶¹ Relatedly, the authors assert that injunctions are often granted as a matter of course.⁶² But this isn't quite true. As I explain in my article *The General Knowledge, Skill, and Experience Paradox*, it is already black letter law that "general knowledge, skill, and experience" cannot be a trade secret.⁶³ This doctrine was designed

⁵⁸ Fishman & Varadarajan, *supra* note 1, at 1058. To get around this problem, the authors suggest that their proposal can be inserted into the statutory definition of "use." *Id.* at 1107-08. But in practice, the proposal would necessarily alter what it means for a recipient of certain information to have a duty to maintain secrecy. A recipient who uses trade secrets in ways that are foreseeable to the trade secret owner would be in breach of a duty but not, generally speaking, otherwise.

⁵⁹ See generally Hrdy, *supra* note 8 (examining the development and modern misapplication of the "general knowledge, skill, and experience" doctrine).

⁶⁰ Fishman & Varadarajan, *supra* note 1, at 1078 (quoting *Futurecraft Corp. v. Clary Corp.*, 23 Cal. Rptr. 198, 210 (Dist. Ct. App. 1962)).

⁶¹ *Id.*

⁶² *Id.* at 1112 (noting that "a number of courts continue to presume that trade secret misappropriation produces irreparable harm and that successful plaintiffs are therefore entitled to an injunction," and "other courts treat perpetual injunctions as the default").

⁶³ Hrdy, *supra* note 8 (manuscript at 11 & n.74).

precisely to ensure that former employees can leave and pursue new work, even after learning their employer's trade secrets.⁶⁴ Courts will often use this doctrine to limit the scope of trade secret subject matter⁶⁵ or at least narrow injunctions against employees to shield their ability to continue working in the field.⁶⁶ Courts continue to apply this doctrine today.⁶⁷

4. Are Analogies Between Trade Secret Law and Copyright Useful?

Lastly, I question more generally whether analogies between copyright law and trade secret law are useful. I think this article is an example of where this cross-IP approach is interesting, fascinating, and educational. But I am not sure making analogies to copyright law is where we want to be in the end.

Copyright law is fundamentally about encouraging creative expressions of ideas and the disclosure and dissemination of those ideas while using a plethora of doctrines to preserve the creator's productive uses of preexisting materials. However, trade secret law is fundamentally about addressing breaches of duty and making it feasible to preserve the secrecy of valuable information while also engaging in productive sharing of that information. Just because copyright law tolerates dissimilar uses does not inevitably suggest that trade secret law should try to replicate this approach.⁶⁸ Moreover,

⁶⁴ *Id.* (manuscript at 33-36).

⁶⁵ See, e.g., *Winston Research Corp. v. Minn. Mining & Mfg. Co.*, 350 F.2d 134, 143-44 (9th Cir. 1965) (holding that the alleged trade secret was actually a general approach to manufacturing tape recorders); *Van Prods. Co. v. Gen. Welding & Fabricating Co.*, 213 A.2d 769, 777 (Pa. 1965) (reasoning that the alleged trade secret was generalized knowledge relating to "the field of deliquescent dessicant [sic] air driers").

⁶⁶ See, e.g., *SI Handling Sys., Inc. v. Heisley*, 753 F.2d 1244, 1262-66 (3d Cir. 1985); *T-N-T Motorsports, Inc. v. Hennessey Motorsports, Inc.*, 965 S.W.2d 18, 24-26 (Tex. Ct. App. 1998).

⁶⁷ A recent Judge Rakoff case illustrates just how far this doctrine can extend to deny trade secret protection against departing employees. See *In re Document Techs. Litig.*, 275 F. Supp. 3d 454, 465 (S.D.N.Y. 2017) ("The Individual Defendants' general knowledge of the revenue attributable to each client is further not protectable, since labeling this kind of knowledge as proprietary would prevent former employees from ever pursuing clients or customers whom they believe generate substantial business for their former employers." (internal quotation marks omitted)).

⁶⁸ In his paper *The Fruit of the Poisonous Tree*, Mark Lemley reaches a similar conclusion, suggesting that it may be appropriate to extend liability to dissimilar uses of trade secret information, even if this approach does not make sense in other IP regimes like copyright. Mark Lemley, Essay, *The Fruit of the Poisonous Tree in IP Law*, 103 IOWA L. REV. 245, 267 (2017). Professor Lemley maintains that "it makes sense for trade secret law, but not other IP regimes, to adopt the fruit of the poisonous tree rule [which creates liability for uses that are tainted with the right owner's information] as a default." *Id.*; see also *id.* at 250 ("[I]f trade secret law were not flexible enough to encompass modified or even new products that are substantially derived from the trade secret of another, the protections that law provides would be hollow indeed." (alteration in original)) (quoting *Mangren Research & Dev. Corp. v. Nat'l Chem. Co.*, 87 F.3d 937, 944 (7th Cir. 1996))). That said, Professor Lemley also endorses Professor Varadarajan's argument, which she made in a previous article, that trade secret law should have a "fair use" outlet similar to copyright law. *Id.* at 269 n.110 (referencing Deepa Varadarajan, *Trade Secret Fair Use*, 83 FORDHAM L. REV. 1401 (2014)).

trade secret law already has its own set of doctrines, including the “general knowledge, skill, and experience” exclusion, which limit the scope of claimed subject matter and cabin the scenarios that are actionable. One solution would be to focus on improving these existing doctrines and correcting the existing foibles in courts’ understandings and applications, rather than drawing on an external IP regime.

This suggestion does not need to end at copyright law, either. To the extent we feel the need to draw on similar concepts like copyright law, we could also appeal to broader principles that stem from outside of IP law, such as tort law and contract law—both of which appear to have quite a lot in common with trade secret law.⁶⁹ We could even stay inside the trade-secret-law sphere in order to get to the same place.⁷⁰

CONCLUSION

Disagreements aside, I absolutely love this article. By identifying doctrines in this crucial and evolving area of intellectual property law that may need to be revisited and reconfigured, Fishman and Varadarajan have certainly moved the discussion of trade secret law forward. I also suspect that we will begin to see more of this type of scholarship—that is, comparative proposals that analyze trade secret doctrine alongside more established federal IP regimes. I see this as a welcome development, but also one that requires close attention. We have to recognize that there are limitations in importing concepts from one IP field into another.

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In contrast, the arguments in this Response would generally weigh against a “trade secret fair use” outlet as well.

⁶⁹ Fishman & Varadarajan, *supra* note 1, at 1093 (“[A] foreseeability limitation has an excellent pedigree. From tort law’s proximate causation to contract law’s doctrine of impossibility, courts have tried to cabin liability when an intervening event genuinely cannot be anticipated.”).

⁷⁰ For instance, as the authors note, plaintiffs in many trade secret cases already have to prove proximate causation, at least with respect to damages. See *In re TXCO Res., Inc.*, 475 B.R. 781, 822-23 (Bankr. W.D. Tex. 2012) (“In order to recover actual damages, TXCO was first required to show that Peregrine’s use of TXCO’s trade secrets proximately caused TXCO to suffer a specific injury. Proximate cause consists of two elements: (1) foreseeability, and (2) cause in fact.”).